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MEMORANDUM FOR: Director of Central Intelligence
FROM : Deputy Director for Administration
SUBJECT : Personnel Policy for Low Percentile Employees
REFERENCE : Draft memo for DDs fr DCI, subj: Personnel Policy

1. I have taken the liberty of redrafting reference memorandum to emphasize the importance of the recently issued regulations on separation, in particular the provisions of [] and the three ~~STATINTL~~ year trial period established for the new employees. Before proceeding with any notifications of terminations on those employees previously identified as lower percentile performers, I recommend that the analysis of this group currently underway be completed and reviewed. The Career Services have submitted memoranda to the Director of Personnel reporting on the status of those who have been identified in the lower group for two and three consecutive years. A preliminary overview indicates that the numbers are considerably reduced from the APP statistics. There have been a number of resignations or retirements and some instances of improved performances which have served to remove the employee from the bottom rankings. As soon as the analysis is completed I propose you authorize me to review with the respective Heads of the Career Services the names remaining on their lists and develop appropriate recommendations for action in each case--i.e. termination, probationary status, reassignment.

2. While the Agency has had a general policy for the identification of lower percentile performers since the institution of major personnel policy changes in 1974, there has been no general "up or out" application. The thrust has been to provide counseling, restore performance effectiveness, attempt to find a more suitable assignment or, as a final resort, to separate. Each Career Service was permitted to establish its own percentile and procedures and only when [] was published in March 1977 were common percentages and procedures imposed on the Agency as a whole. Before recommending termination in any of these cases, I believe we must insure the procedures of notification and counseling have been followed, and if not, the Career Services be required to take action to insure the processes are implemented.

STATINTL

3. Further, I would recommend the "up or out" phrase not be used in your memorandum nor reference made to separation of "employees who have demonstrated the least potential for advancement at any level". While the "up or out" policy has been explored in the past and is again currently under review, it has never been instituted as Agency policy. A decision to adopt such a policy will require careful consideration and implementation, including the advance publication of the precise parameters and procedures. The Agency's only related policy is the responsibility for low percentile identification established by the PASG recommendations noted above and hence a new one of the magnitude implied here would require considerable staffing out.

4. "Up or out" policies normally have a requirement that an individual attain a certain grade or rank within a specific time period. The impact of such a policy in the Agency would, I believe, be seriously damaging to the effective meeting of the day to day or year to year requirements of the Agency which are efficiently handled by fully competent individuals . . . often specialists . . . who are valuable contributors, but who have leveled at certain grades and are neither aspiring nor in competition for higher level responsibilities. I would also recommend the legal ramifications of a termination policy for reasons other than a surplus situation or poor performance be explored before implementation. I believe the State Department's authority to terminate personnel who do not attain a certain rank within a set time frame is provided by statute; I know they are presently asking for legislation to provide for a four year trial period for FSOs because of the problems the present system poses for the retention of fully competent individuals who encounter headroom blockages after an early fast track and are consequently retained in grades beyond the permissible time-in-grade limits.

5. Careful selection of employees and an equally careful monitoring of performance should insure a capable and productive workforce. Our employees must be continuously aware of the performance standards which they are expected to maintain, and our managers and supervisors must be aware of their responsibilities in these areas. The provisions of identification of lower percentile personnel and action to be taken in cases of marginal performance, are a direct responsibility

STATINTL

of the Heads of the Career Services. When employees fail to meet the established standards, and counseling does not achieve positive results, termination is the appropriate action and should be the recommendation of the Head of the Career Service.

6. It is expected the analysis of the low percentile reports noted in paragraph one will be ready for review shortly and I will have work begun immediately on the feasibility of implementing the early retirement option.

John F. Blake

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